

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-42-E - ORDER NO. 2005-169
APRIL 1, 2005

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| IN RE: Petition of Duke Power Company, a Division |) | ORDER GRANTING |
| of Duke Energy Corporation for an |) | ACCOUNTING ORDER |
| Accounting Order. |) | |
| |) | |

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of Duke Power (Duke or the Company) for an Accounting Order, whereby Duke will adopt new depreciation rates effective January 1, 2005. The Petition is made pursuant to Section 58-27-870(F)(Supp. 2004).

Duke states that its depreciation rates were last changed in Order No. 91-1022, issued on November 18, 1991, in Docket No. 91-216-E. As a result of Duke's receipt of renewed operating licenses from the Nuclear Regulatory Commission for all of its nuclear units, Duke Power has determined that it is appropriate to update its depreciation rates. Accordingly, Duke has completed a depreciation expense study of its utility plant, which has been filed with the Commission and served on the Office of Regulatory Staff (ORS).

Duke requests that this Commission issue an Accounting Order, whereby Duke Power will adopt new depreciation rates, as reflected in the depreciation study, effective January 1, 2005.

Duke states that the adoption and implementation of the new depreciation rates will not involve a change to any of Duke Power's rates or prices, or any Commission rule, regulation or policy. In addition, Duke notes that issuance of the requested Accounting Order will not prejudice any party's right to address this issue in a subsequent general rate case proceeding.

Duke notes that S.C. Code Ann. Section 58-27-870(F)(Supp. 2004) allows this Commission to put new rates into effect without notice and hearing, upon Order, when the rates do not result in any rate increase to the electrical utility. The depreciation rates that Duke requests to adopt and implement in the present case fit into this category, according to Duke, therefore no notice and/or hearing is necessary under the law. Duke also agrees that this Accounting Order is not to be precedential in future rate setting Orders.

In summary, Duke requests that the Commission (1) inquire into the relief sought in this Petition, (2) review the depreciation study provided by the Company, (3) conclude that the relief requested in the Petition should be granted as filed, (4) find that a notice and hearing are not required, pursuant to S.C. Code Ann. Section 58-27-870(F)(Supp. 2004), and (5) issue the requested Accounting Order with the new depreciation rates, retroactively and effective January 1, 2005.

The Office of Regulatory Staff filed a letter in which it stated that it reviewed the filing, and that, based on certain information, it has no objection to the Company's request for an Accounting Order only. Among other things, ORS notes that the

cumulative results of the updated study from which the new depreciation rates are derived show only a very slight variance from the prior annual accrual amount.

After having examined all of the information, and having considered the response of ORS, we believe that the relief sought by Duke should be granted as filed.

Accordingly, we make the following:

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Duke Power requests an Accounting Order, whereby Duke will adopt new depreciation rates effective January 1, 2005.

2. As a result of Duke's receipt of renewed operating licenses from the Nuclear Regulatory Commission for all of its nuclear units, Duke has determined that it is appropriate to update its depreciation rates.

3. Duke has completed a depreciation expense study of its utility plant, which has been filed with the Commission and served on the Office of Regulatory Staff.

4. The adoption and implementation of the new depreciation rates will not involve a change to any of Duke's rates or prices or any Commission rule, regulation or policy.

5. The issuance of the Order will not prejudice any party's right to address this issue in a subsequent general rate case proceeding.

6. S.C. Code Ann. Section 58-27-870(F)(Supp. 2004) allows the Commission to put new rates into effect without notice and hearing, upon Order, when the rates do not result in any rate increase to the electrical utility. The depreciation rates

that Duke requests to adopt and implement in the present case fit into this category, therefore no Notice and/or hearing is necessary under the law.

7. This Accounting Order is not to be precedential in future rate setting Orders.

8. The Office of Regulatory Staff does not object to our granting of the Accounting Order under the conditions stated above.

9. The request for Accounting Order should be granted as filed, so that the new depreciation rates are effective as of January 1, 2005.

ORDER

The request for an Accounting Order, whereby Duke will adopt new depreciation rates effective January 1, 2005, is granted. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

/s/
Randy Mitchell, Chairman

ATTEST:

/s/
G. O'Neal Hamilton, Vice-Chairman

(SEAL)

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